



# **CALCORP Limited**

Corporate Briefing Session

March 2024

# Company Overview

## Company History

- Incorporated in 1992 as a public limited company with leasing as the principal line of business.
- Majority control (84%) acquired by Optimus Limited in 2009. Optimus is the exclusive franchisee of “Hertz” in Pakistan with a fleet of 250+ vehicles.

## Current Operations

- Calcorp’s current main line of business is to provide capital in order to facilitate vehicle rentals for its clients.

# Leadership Team



## Saad Saeed Faruqi – Chairman



- 24 years' experience starting, scaling and investing in businesses across various sectors (transport, power, technology and manpower services) in Pakistan
- Prior experience as CEO for several entrepreneurial ventures and acquisitions
- Expertise in building management teams, leading operational turnarounds, financial restructuring and negotiation and fund raising
- Graduate from Cornell University, USA

## Haider Ali Hilaly – Chief Executive Office



- 24 years' experience investing in small to midcap global equities
- Prior experience in merchant banking, private equity and hedge funds at SoGen Funds, Apax Partners and the Underhill Group
- Expertise in setting strategy and benchmarks, capital allocation, portfolio construction and management and instituting corporate governance
- Graduate from Hamilton College, USA; MBA from London Business School

## Syed Wajahat Alam – Chief Financial Officer



- 15 years' experience in finance and audit roles: overseeing finance operations, and delivering cost transformation programs
- Prior to serving as Group Finance Manager, Wajahat was the CFO at R.B. Avari Enterprises (Pvt) Limited and CG Holdings (Pvt) Limited where he offers complex accounting and finance services, creating growth plans, making financial forecasts and attaining financial goals.
- Wajahat is a Fellow member of the Institute of Chartered Accountant of Pakistan and holds a Master's degree in Economics from University of Karachi, Pakistan.

## Zafar Iqbal – Company Secretary



- Associated with Ithaca since 2010, Zafar brings 25 years of finance experience focused on working with small and medium sized companies to streamline costs, raise debt financing and institutionalize governance and reporting.
- Zafar is qualified CMA from the Institute of Cost and Management Accountants.

# Strategic and Operational Developments



- **Potential transaction:** The parent company of Calcorp, Optimus Limited, is negotiating the sale of its shares, and consequently, may approach the shareholders to authorize a plan to consummate a transaction that would result in a change in the nature of the business and potentially dispose of its fleet assets.
- **Alternatives:** In case the transaction does not materialize, Calcorp intends to continue its efforts to generate returns on its capital by deploying capital to finance fleet assets that it will make available to its partners.

# Income Statement

## Income Statement - PKR mm

	30-Jun-22	30-Jun-23
<b>1. Vehicle Rental Segment</b>		
Average Fleet Size (#)	50	27
Value of Fleet at Cost (PKR mm)	65.8	137.4
<b>Gross Rentals</b>	<b>30.7</b>	<b>13.8</b>
<i>As a % of Fleet at Cost</i>	<i>46.7%</i>	<i>10.0%</i>
Service & Maintenance	(0.3)	(0.6)
Depreciation	(8.4)	(2.8)
Insurance	(0.8)	-
Service Charges	-	-
Road Tax / Registration	(0.1)	-
Ijarah Lease Rentals	-	-
Tracker Monitoring	(0.3)	-
<b>Net Rental</b>	<b>20.8</b>	<b>10.4</b>
<i>As a % of Fleet at Cost</i>	<i>31.6%</i>	<i>7.5%</i>
<b>Net Rental ex. Depreciation</b>	<b>29.2</b>	<b>13.2</b>
<i>As a % of Fleet at Cost</i>	<i>44.4%</i>	<i>9.6%</i>
Gain on Disposals	57.1	19.0
Other Income	2.6	11.1
<b>Total Segment Income</b>	<b>80.5</b>	<b>40.5</b>
<b>2. Marketable Securities</b>		
Dividend Income	10.2	3.0
Realized and Unrealized loss	(48.9)	2.6
<b>Total Segment Income</b>	<b>(38.7)</b>	<b>5.6</b>
<b>Total Company Income</b>	<b>41.8</b>	<b>46.1</b>
<b>Expenses</b>		
Administrative Expenses	(32.6)	(14.6)
Financial Charges	(13.6)	(4.6)
Taxation	(4.3)	(6.8)
<b>Total Expenses</b>	<b>(50.5)</b>	<b>(26.0)</b>
<b>Net Income</b>	<b>(8.7)</b>	<b>20.1</b>

## FLEET UNIT ECONOMICS (PKR)

	30-Jun-22	30-Jun-23
<b>Gross Rentals</b>	<b>613,992</b>	<b>511,304</b>
Service & Maintenance	(6,282)	(22,085)
Depreciation	(168,466)	(105,405)
Insurance	(16,884)	-
Service Charges	-	-
Road Tax / Registration	(2,704)	-
Ijarah Lease Rentals	-	-
Tracker Monitoring	(5,564)	-
<b>Net Rental</b>	<b>414,091</b>	<b>383,815</b>
<b>Net Rental ex. Depreciation</b>	<b>582,557</b>	<b>489,219</b>

- **Payback period** on fleet of approximately <4 years (30%+ yield on asset at cost).
- **YoY Comparison** to be viewed in relation to fleet size and cost of the fleet at the time rental contracts are made.
- **Decline in net unit rentals** driven by i) lower number of vehicles, partially offset by b) higher value vehicles.
- **Gain on Disposal** – Decline due to smaller, newer fleet that saw fewer disposals than in the prior period.
- **Marketable Securities** As we converted the securities portfolio to vehicle assets, losses were realized due to the negative return of the equity markets.

# Balance Sheet



Balance Sheet - PKR mm					
	30-Jun-22	% of B/S	30-Jun-23	% of B/S	YoY Change
<b>Fixed Assets</b>					
Property, Plant and Equipment	50.0	13.6%	131.5	46.0%	81.5
Intangible Assets	-	-	-	-	-
Long-term Advances	1.2	0.3%	0.3	0.1%	(0.9)
<b>Total Fixed Assets</b>	<b>51.2</b>	<b>14.0%</b>	<b>131.8</b>	<b>46.1%</b>	<b>80.6</b>
<b>Current Assets</b>					
Receivables	53.5	14.6%	15.6	5.5%	(37.9)
Advances & Deposits	98.5	26.9%	138.6	48.4%	40.0
Short-term Investments	138.7	37.9%	-	-	(138.7)
Taxation - Net	-	-	-	-	-
Cash	24.5	6.7%	0.2	0.1%	(24.3)
<b>Total Current Assets</b>	<b>315.2</b>	<b>86.1%</b>	<b>154.4</b>	<b>54.0%</b>	<b>(160.9)</b>
<b>Total Assets</b>	<b>366.4</b>	<b>100.0%</b>	<b>286.2</b>	<b>100.0%</b>	<b>(80.3)</b>
<b>Long-term Liabilities</b>					
Diminishing Musharaka Financing	4.2	1.1%	-	-	(4.2)
Deferred Tax Liability	0.1	0.0%	1.4	0.5%	1.3
<b>Total Long-term Liabilities</b>	<b>4.3</b>	<b>1.2%</b>	<b>1.4</b>	<b>0.5%</b>	<b>(2.8)</b>
<b>Current Liabilities</b>					
Short-term Debt	88.6	24.2%	-	-	(88.6)
Current Portion of Diminishing Musharakah	1.5	0.4%	-	-	(1.5)
Unclaimed Dividend	0.6	0.2%	0.6	0.2%	0.0
Taxation	1.1		6.0	2.1%	4.9
Payables	15.6	4.3%	3.6	1.3%	(11.9)
<b>Total Current Liabilities</b>	<b>107.4</b>	<b>29.0%</b>	<b>10.2</b>	<b>1.5%</b>	<b>(102.0)</b>
<b>Total Liabilities</b>	<b>111.7</b>	<b>30.5%</b>	<b>11.6</b>	<b>4.1%</b>	<b>(104.8)</b>
<b>Equity</b>					
Paid-up Capital	107.4	29.3%	107.4	37.5%	-
Reserves & Retained Earnings	147.3	40.2%	167.2	58.4%	19.9
<b>Total Equity</b>	<b>254.7</b>	<b>69.5%</b>	<b>274.6</b>	<b>96.0%</b>	<b>19.9</b>
<b>Total Liabilities &amp; Equity</b>	<b>366.4</b>	<b>99.7%</b>	<b>286.2</b>	<b>98.0%</b>	<b>(84.8)</b>
Book Value per Share	23.7		25.6		
Current Ratio	2.9x		15.1x		
Total Debt to Assets	25.7%		-		

As vehicle rental contracts mature, vehicle assets are monetized, and capital is redeployed into new fleet assets

➤ **Property, Plant and Equipment:** sale of fleet assets generated PKR 53.4 mm (34.3mm WDV and 19.0mm gain on disposal). Additions made during the year amounting to Rs. 119 million.

➤ We expect market value of the fleet to be equivalent to the WDV although we have seen instances of declines in high price vehicles due to weaker demand for such vehicles. This issue has been exacerbated by the appreciation of the rupee against the dollar, which has resulted in cuts in dealer prices for new cars. Nevertheless, we feel that the overall fleet WDV remains an accurate representation of market value.

➤ **Debt:** During the period with Regular debt servicing total debt is repaid with amount 5.6 million.

# Question & Answers Session

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